

REGIONAL FIELD CONFERENCE

REGION IX

October 19-20-21, 1949

Hotel Spokane

Spokane, Washington

John W. Asher, Jr., Moderator

Finance Division

H. H. Shipp, Regional Head
W. B. Loving, Field Supervisor
Carl W. Blair
Allen L. Brown
Harold Dalby
Orville C. Smith
Orville E. Pugsley

Applications and Loans Division

Allan S. Arness, Regional Head
Christian S. Benson
Harriet C. Brigham
Wm. M. Letcher, Sr.
Lynn S. Ludlow
Frank Squier
Herbert Bryan (Alaska)

Engineering Division

R. E. Cole, Regional Head
Richard Allen
Robert B. Brady
William J. Hauck
Andrew Herrold
C. L. Johnson
Ellsworth Johnson
L. A. Smith

Management Division

R. O. Adams, Regional Head
Henry E. Bowen
Lester Gillum, Jr.
Fred J. Hartt

E. G. Keffer, Spokane Office
Paul H. Euler, Spokane Office
C. C. Carlson, Office of the Solicitor,
Portland, Oregon
L. Beryl Longenecker, Recorder

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The Moderator opened the conference with a general statement of purpose etc., also a statement as to current information as to proposed telephone legislation, supplemental appropriation, and Classification Act of 1949. Following the Moderator's statement the conference considered the problems of REA borrowers in Region IX and a summary follows:

MONTANA 5 RICHLAND

Problem General management of system; lack of adequate records, impaired public relations.

Facts As a result of problems arising in connection with the construction, the manager resigned. This required assignment of REA personnel to assist the cooperative with its management problems. A survey of the system by L. A. Smith, Engineering Division, indicated that records were poor or non-existent; office and outside personnel were either incompetent or improperly assigned; public relations were very poor because of previous commitments not fulfilled by the manager; insufficient construction funds were on hand to meet obligations despite the fact that funds had been advanced by REA for specific purposes. Large amounts of construction had been completed without adequate records for which funds were used that had been advanced for other purposes. This problem is further complicated by failure of the board to take corrective action. In an attempt to solve the management problem, the board advertised for a manager immediately upon Mr. Smith's arrival, and Rodney Hanson was selected from a list of 103 applicants. Mr. Hanson will report for duty on November 1 and will bring a competent office manager with him. Under Smith's direction the construction superintendent and easement man have been replaced. An inventory is in process to determine the amount of excess materials available which can be disposed of to meet contractual obligations. It appears from information available that approximately \$94,000 has been expended for materials in excess of approved materials contracts. It is not possible to determine at this time how much of this material is excess and can be applied to construction contract.

The board has cooperated fully with Mr. Smith since his arrival on the system.

The system has a contract approved for an office building and pending completion of this building is making temporary repairs on its existing building. Mr. Smith has instituted a newsletter. The board approved this action and it will be sent out regularly in the future.

Follow-up Mr. Smith will continue to furnish close management assistance until such time as the new manager has familiarized himself with the problems and obtained adequate office and outside personnel. The Finance Division will have an auditor report to this system November 15 to make a regular scheduled audit.

MONTANA 16 PARK

Problem Undue influence exerted on system and its management by the president of the board of directors.

2 - MONTANA 16 PARK (Con't.)

Facts Mr. Shipp gave a brief resume of the preliminary audit report which indicated that cooperative personnel and equipment had been loaned or rented under questionable circumstances, that unauthorized trips had been taken by the president using loan funds, that repairs to the president's private plane had been paid by the borrower, that long distance telephone calls on personal matters at the cooperative's expense had apparently been made and that no record had been made of approximately \$20,000.00 collected from members for purpose of defraying meals and lodging of construction crews. The work of the regular audit although completed, the circumstances seem to warrant further investigation.

Follow-up The matter of further investigation by one of the Finance Division's special auditors has been tentatively planned for about Dec. 1, at which time arrangements will be made for the special auditor and a Management Division representative to visit the system.

MONTANA 25 SHERIDAN

Problem Preparing adequate material records and obtaining adjustment from material supplier for materials delivered which did not agree with invoices.

Facts It was brought out by the Finance Division that the system has accepted delivery for materials totaling approximately \$200,000 stored in a warehouse located near Williston, North Dakota, on which material invoices were not checked against deliveries at the time of delivery. It now appears that there will be differences between the materials delivered and the invoices probably amounting to \$5,000 to \$6,000 on which adjustments will have to be made with the supplier. The system has an inventory under way; also, is preparing analysis of the materials used and upon completion of this inventory and analysis, an attempt will be made by the system with REA assistance, to obtain an adjustment. The system expects to have this information completed within the week.

Follow-up After completion of the inventory and analysis the field engineer and auditor will assist them in obtaining a satisfactory adjustment. It appears that the system does have an adequate system of materials controls and that this is an exceptional case due to the location of the warehouse.

MONTANA 28 McCONE

Problem Inefficient management which has resulted in inadequate material records being maintained; retention of building which houses obsolete generating equipment; alleged contracting activities of the manager.

Facts This problem was discussed fully and it was agreed that the board of directors would be invited to attend the Montana Statewide meeting in Missoula at which time all of these matters will be discussed with members of the board.

Follow-up After this, Mr. Hartt will visit the system and spend sufficient time there to assist them in solving their management problems.

MONTANA 26 VALLEY

- Problem** Whether REA should approve the board's first choice of manager, J. F. Murphy.
- Facts** Information has been submitted by the field people to indicate Mr. Murphy has accepted employment with a material supply company.
- Follow-up** It was decided that Andrew Herrold and R. O. Adams would call the board president and determine whether the board will withdraw their nomination and make another selection in view of Mr. Murphy's apparent unavailability.

MONTANA 36 LINCOLN

- Problem** Spite line activity Mountain States Power Company.
- Facts** Mr. Frank Squier, field representative, Applications and Loans Division, advised that as soon as the allocation was made, the Mountain States Power Company started construction activities along the route of the proposed lines of the cooperative. At present this activity is limited to staking and solicitation of consumers and $5\frac{1}{2}$ miles have been staked. At the same time the system engineer for the cooperative has started staking, and plans are underway by the cooperative to begin clearing on a "self-help" basis. Possibilities for the cooperative to immediately connect some of the consumers in the threatened areas were discussed. These proposed methods included construction of lines by Montana 13 Flathead from their existing system; possible installation of mobile diesel unit at Olney; and construction of pole line as originally contemplated leaving the installation of transformers until this equipment is available. After consultation with BPA the co-op has applied to BPA for a power source near Whitefish.
- Follow-up** Because of the ramifications of the problem it was decided that regional heads and field construction engineer would meet with system personnel in Missoula on Monday and attempt to outline a definite course of action.

MONTANA 32 HILL

- Problem** Large suspense account.
- Facts** The suspense account on this system which has totaled approximately \$894,000 was discussed and it was determined that a major portion of this suspense account which was due to improper handling of material records, has been removed by submission of final inventories for force account and construction contracts. The system installed adequate material controls at the time of the audit and it was not known by any of the participants in the conference whether these records are being properly maintained.
- Follow-up** It was proposed to send Mr. Hartt, Management Division, to this system to investigate this further. It was also determined that Mr. Hartt would investigate what progress the system is making in disposing of surplus construction equipment which we understand has been advertised.

MONTANA 37 ELMO

Problem Installation and maintenance of records.

Facts This loan was made on the basis of the system being operated by the Indian Service (Flathead Irrigation Project) and that no full-time manager would be necessary or employed. It was contemplated that a full-time bookkeeper would be employed during the construction period and that after the lines were energized, the services of a bookkeeper would not be required since the only transactions to be handled would be the receiving of monthly payments from the Indian Service and transmission to REA plus a nominal amount of bookkeeping required to handle member service funds and changes therein. Records have not been installed.

Follow-up It was proposed that Messrs. Arness, Shipp, and Squier would meet with officials of the borrower in Polson, Monday morning, October 24, and provide a satisfactory solution to the present problem of inadequate records. Mr. Loving will follow up beyond above meeting and assist with installing records.

EASTERN MONTANA (Not to be distributed)

Circumstances surrounding the board meeting held recently by the McCone County Electric Cooperative, Inc., at Circle, Montana (Montana 28 McCone) were discussed in detail to determine whether any of the rumors or allegations outlined by participants in this meeting had any foundation in fact; also to determine what corrective or preventive action might be taken by REA field personnel to eliminate or minimize the results of such meetings in the future. It was generally agreed that the origin of most of the points mentioned in this meeting was related to problems arising among the contractor, board of directors, former manager, and the Montana State Water Board on Montana 5 Richland. Since Mr. Smith has been assigned to Montana 5 Richland to assist with management problems, many of these points of irritation have been removed and it is Mr. Smith's feeling that the board members who participated in this conference from Montana 5 have had most of their previous opinions clarified and now are satisfied that the actions taken by their engineer were justified. It was decided that Mr. Smith would continue to follow the activities of Montana 5 very closely and provide them sufficient management assistance to permit their newly selected manager to begin with a properly organized system and future work program. It was also decided that Mr. Hartt of the Management Division would visit Montana 28 McCone within the next week to discuss matters raised by the board of directors of that system and attempt to clarify the management problems which have been troubling them. It was the consensus of the group that the deficiencies of the performance of the present manager were of such nature and magnitude that it appears that the only solution will be the replacement of the manager and possibly other personnel on the system, and to obtain competent and qualified personnel. The regional heads will meet with the boards of each of these systems in Missoula, Montana, during the course of the Montana Statewide meeting on October 25-26, 1949. It is possible that some of these questions may be resolved at that time. It was the feeling of the field personnel who have been in the area that much of the previous rumors and gossip have been dispelled and that there does not appear to be need for any further action other than that indicated above.

WASHINGTON 8 BENTON

Mr. Henry E. Bowen, Management Division, gave a detailed report of his activities as supervisor on this project for the past four months for the information of the conferees.

WASHINGTON 9 SAN JUAN

- Problem 1. Obtaining power from Bonneville Power Administration and interconnecting the system on the islands.
2. Whether or not REA is in a position to approve the present manager, Laurence J. Parker, who is serving a probationary period and coming up for permanent appointment.
- Facts 1. The system has attempted for a number of years to interconnect the islands by a cable or overhead crossing. The interconnection has not been completed due initially to the war and later to inability to obtain easements for overhead crossings or completion of specifications for cable crossings. The system has recently obtained informal quotations from cable suppliers for these cables. These estimates have been submitted to REA with a request for approval to take bids on cable installation in lieu of overhead crossing. It was strongly recommended by Mr. Hauck that this request be approved and that the system be authorized to have plans prepared and bids taken on a cable crossing.
2. The permanent approval of manager was discussed and it was the consensus of opinion that field personnel had not had sufficient time to observe performance of the manager to make definite findings as to whether he should be permanently approved.
- Follow-up It was decided that the recommendations of W. J. Hauck and Paul H. Euler would be submitted to the committee on managers for their consideration in determining whether he should remain on probation or be permanently approved, after the committee received the recommendations of the remaining field personnel.

WASHINGTON 14 KING

- Problem Inability to meet debt service requirements.
- Facts 1. It appears that there will be a possibility that the PUD attempting to acquire the property of the Puget Sound Power & Light Company property in the area will either acquire the facilities of the cooperative on a purchase basis or relinquish sufficient territory to the cooperative which now consists of 18 miles of line to permit it to operate on a sound basis. Either of these possibilities would definitely improve the security of the loan. It is also reported that the system has outstanding material accounts totaling approximately \$1100 or \$1200.
- Follow-up It was decided that William J. Hauck, Engineering Division, would visit this system as early as possible and attempt to settle these

outstanding accounts. Frank Squier, Applications and Loans Division, and Mr. Hauck will continue to follow the matter of possible integration and will keep all interested parties informed.

WASHINGTON 23 GRAYS HARBOR

Problem Power Source.

Facts The system now has a hydro plant which is carrying the present load. An additional load may develop west of the system which would warrant the building of a transmission line between Aberdeen and Quinault. There is some thought that Bonneville Power Administration is now willing to enter into a lease purchase agreement on such a line. Back work orders are supposed to be made up by a management firm and ready for signature to be sent in.

Follow-up Mr. William J. Hauck will check on the work orders and determine if it is possible to get them in before the end of the year. The present manager, E. C. Schlender, seems to be doing an acceptable job. Mr. Keffer will follow the power problem with BPA.

WASHINGTON 42 CLALLAM D.P.

Problem Obtaining low cost power source for Forks area.

Facts The original allocation for this system was based on constructing a transmission line from Port Angeles to Forks. For one reason or another, mostly due to the belief of the management of the PUD that construction cost of this transmission line would be excessive, this construction has never been completed. A substantial portion of the funds allocated for this transmission line has been expended in the expansion of the generating plant at the Forks and for other purposes. The system now proposed to install a hydro generating station on the Hoh River near Forks. A request for loan for this purpose was made to REA last winter and power cost studies were initiated. Subsequently the borrower proposed private financing. After completion of the power cost study by the Power Division the Applications and Loans Division sent a letter on about October 7, 1949, outlining the conditions under which REA financing of this hydro plant could be considered. This letter also outlined the possibilities for private financing and conditions under which REA would approve such financing. The letter requested a thorough study and analysis by the district and an early decision as to the three alternatives presented in the letter of Oct. 7; (1) private financing on the Hoh River hydro installation with supporting data to show security for the REA loan; (2) proposal to finance the hydro and refinance the REA loan from private sources; and (3) to request a loan for the hydro generation and distribution facilities to serve loads not included in previous allocations which were contemplated under the hydro proposal. It is the understanding of the auditor who recently completed an audit on this system that the district has had an offer for private financing for this hydro plant; however, because of the conditions imposed upon this financing, the district apparently prefers to obtain REA financing.

WASHINGTON 46 FERRY D.P.

Problems 1. Management. 2. Outstanding Materials account.
3. High Power cost.

Facts 1. All of the field representatives who have visited this system are in general agreement that due to weak management there are gross inefficiencies in both inside and outside operations. Because of improper assignments or lack of clearly defined authority, office personnel are uncertain and confused as to their duties and responsibilities. Friction has been observed among these employees. Records are not being maintained properly. Excessive construction forces have been employed in spite of joint efforts of the Engineering and Management field representatives. These practices continued until construction funds of the district were exhausted.

Follow-up Because of the broad nature of this problem it was decided that as quickly as possible, Messrs. Bowen, C. L. Johnson, and Loving would visit the system and spend as much time as necessary to settle these problems.

Facts 2. A complaint has been received from Graybar Electric Company that despite having an approved material contract with this system, they have been unable to collect all funds for materials shipped. This outstanding account is approximately \$33,000. It was not possible to determine from personnel attending the conference whether funds which were advanced under this material contract were used to purchase other unapproved materials or whether these funds were used for construction or other purposes, nor whether Graybar has shipped material in excess of the contract amount.

Follow-up Messrs. Loving, Bowen and Johnson will visit this system as quickly as possible.

Facts 3. This district now has a contract for wholesale power with the Okanogan PUD at an unfavorable rate which will expire in April 1950. At least three alternative plans for obtaining power are being explored including negotiating a lower rate with the Okanogan PUD; constructing a transmission line to Bonneville's source of power; or working out a wheeling agreement with Bonneville using Okanogan lines. It appears that of these alternatives the most satisfactory would be a wheeling arrangement using the Okanogan lines.

Follow-up Messrs. Keffer and Euler will work closely with the district and BPA in an attempt to resolve this power source problem as soon as possible.

WASHINGTON 35 PEND OREILLE

Problem What attitude or position field representatives should take toward the possible acquisition of the cooperative's facilities by the PUD.

9 - WASHINGTON 35 PEND OREILLE (Con't.)

Follow-up The conference strongly recommends that the Administrator outline a definite guidance for field people in dealing with this cooperative.

WASHINGTON 36 ADAMS

Problem 1. Status of allocation. 2. Large material accounts payable.

3. Member education. 4. Proposed acquisition of cooperative lines by Franklin County PUD.

Facts 1. The allocation is being considered. Data on points of delivery were obtained from BPA and turned over to the Applications and Loans Division this week.

2. The system is currently making partial payments of approximately \$5,000 or \$6,000 on these accounts out of general funds, except when quarterly payments to REA are required. These accounts can be paid in full and general operating fund reimbursed when allocation is approved. There is a discrepancy of approximately \$13,000 in the materials account. It appears there is possibility that some of this difference may be made up by failure of the system to charge materials to work-in-progress. If, after all materials are properly charged to work-in-progress, a substantial discrepancy remains, the only solution will be a work order clean-up.

Follow-up Mr. C. L. Johnson will visit the system to assist in making a determination of whether materials are properly charged and also determine with the system whether a work order clean-up will be necessary.

Facts 3. Some of the field representatives observed that there is an apparent lack of member education on the system. It appears that a definite program should be undertaken by the borrower.

Follow-up Mr. Arness has been requested to assign responsibility.

Facts 4. Mr. Arness indicated that a request had been received from the borrower to make a finding as to what effect the release of facilities in Franklin County to the PUD would have on the over-all operations of the cooperative. Before Arness will be able to complete this analysis it is necessary that additional information, which has been supplied this week, be analyzed together with information previously submitted to REA.

IDAHO 4 BONNER

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| Problem | 1. System management. 2. Construction funds |
| Facts | 1. The present manager resigned some time ago and for a period of approximately two months the board of directors have been attempting to obtain a satisfactory manager. The applicants received from one advertisement were not satisfactory. The board has readvertised. Because it appears that they need assistance in selecting a qualified manager, Mr. Bowen, Management Division, will visit the system within the week and render all assistance possible. |
| Follow-up | 2. In order to clarify the picture of what remains in construction, Mr. C. L. Johnson will visit the system and spend as much time as necessary to clarify the construction cost figures instituting a construction program and supply any information necessary to REA for consideration of an additional loan. |

IDAHO 10 NEZ PERCE

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| Problem | 1. Over-all management of system. 2. Sale of excess material. |
| Facts | 1. It was brought out by the field representatives that this system possibly has excess employees and that apparently the time and ability of the employees is not effectively utilized. It was decided that the manager and possibly members of the board would attend the regional meeting at Idaho Falls, and that the regional heads would discuss the problems with them at that time.

2. It was brought out that this system has a large quantity of materials totalling approximately \$65,000 in excess of their requirement and there was a general discussion as to the best method to dispose of this surplus material. |
| Follow-up | One of the suggestions made was to provide a list of excess materials to Mr. E. G. Keffer, Spokane. It was also brought out that administrative approval of sale of materials from one borrower to another is required and that such approval can be obtained promptly by telegram if circumstances warrant. |

IDAHO 11 KOOTENAI

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| Problem | Failure of manager to maintain adequate material records. |
| Facts | It appears that the field representatives in the various divisions in their contacts with this system have been unable to convince the manager that he should use some method of checking material in and out of the warehouse; and the representatives have been unable to convince him that the present method of accounting for material is not in the best interest of the borrower. |
| Follow-up | In view of the inability of the field representatives of the line divisions to convince the manager to maintain proper records, it was decided that Mr. Keffer would discuss this matter in detail with the board and attempt to have the board instruct the manager |

to keep proper records. If Mr. Keffer is unable to secure agreement with the board in maintaining adequate records, it is the recommendation of this group that no further construction funds be advanced to this system as long as this condition exists.

IDAHO 16 CASSIA

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| Problem | <ol style="list-style-type: none"> 1. Need for additional system capacity. 2. Office building. 3. Retail large power rates. 4. Threat of sale to Idaho Power Company. 5. Pyramid voting for directors. |
| Facts | <ol style="list-style-type: none"> 1. It was the opinion of Mr. William M. Letcher, Applications and Loans Division field representative, that the system has completed all information necessary for an unelectrified farm survey and a load study. There was some question whether this material had been submitted to REA. It was decided that Mr. Letcher would follow up on this matter and see that it was submitted. Upon receipt and approval of this information by Mr. Arness, a system study will be undertaken under the direction of the field engineer, Richard Allen, and if no other engineer is available in the area, Mr. Allen will attempt to make this system study himself. An estimated completion time of 45 days from receipt of load information has been set for the completion of the system study. The completion of system study will permit the Applications and Loans Division to review an application for a loan and consider the amount of money required for system improvements which are urgently needed before next spring's pumping season. It is also necessary to supply this load information to Mr. Keffer since he has received a request from the Bureau of Reclamation to supply load information in connection with their future construction program in the area. The wholesale power contract for this cooperative expires on June 1, 1950, and it is necessary that this load information be available well in advance of this date. 2. The system has requested approval to construct an office building; however, due to expiration of a verbal option on a desirable office site, these plans are temporarily delayed. It is our understanding that the system had previously selected an architect to draw up preliminary lay-out for the office building but that this work has been temporarily halted pending obtaining a satisfactory building site. |
| Follow-up | Mr. Allen, field engineer, will follow plans for the office building with the cooperative. |
| Facts | <ol style="list-style-type: none"> 3. There is some question on the system concerning the irrigation rate recently furnished when estimated work orders were submitted to Washington and it appears that the rate sent to this system has been misinterpreted or that some doubt remains as to proper application. Mr. Adams, Management Division, will be responsible for sending a clarification of this rate to the system with copies to interested field representatives. |

IDAHO 21 CAMAS

Problem Delinquency.

Facts Because of its small size this system has been unable to meet debt service and is now delinquent approximately \$17,800. Various methods of reducing expenses or increasing revenues were discussed and there was some question raised as to whether this system has excess employees on the payroll. It appeared from the discussion and it was the opinion of the field representatives that possible further economies could be effected.

The question of a possible future loan to construct a line to Anderson Ranch Dam was discussed. Mr. Arness advised that he expected to visit this system while in the area to obtain any additional information necessary for a study of this loan. Mr. Keffer indicated that it would be necessary to determine as early as possible what voltage and demand would be required for the cooperative at the dam site and Mr. Arness will supply this information to Mr. Keffer within the next two weeks.

UTAH 6 GARFIELD

- Problem 1. Inadequate power supply. 2. Generating equipment.
3. Failure to meet principal and interest payments.
4. Need for communication system.
- Facts 1. The system is and has been troubled with inadequate and unsatisfactory power source which has resulted in limitation of use of energy by the consumers and high operating cost resulting in inability to meet current debt service. Approval of a loan to Utah 16 would provide a satisfactory solution to this problem permitting the system to have an adequate source of power at reasonable cost and should this loan be approved, this problem should be largely solved.
2. The system has some excess generating equipment not in use and field engineer Richard Allen has suggested that this equipment be sold.
- Follow-up He will continue to follow this matter with the system.
- Facts 3. The manager recently advised the field engineer that due to approved work orders which have not been reimbursed because of lack of loan funds he is now unable to meet current payment for principal and interest.
4. The system urgently needs some type of communication system which would mean a reduction in cost of operations. Formal request to REA for approval of the communication system is being made by the manager.

UTAH 8 DUCHESNE

- Problem Permanent approval of manager.
- Facts The performance of the manager during his probationary period indicates that he has failed to complete many definite assignments and has failed to make substantial progress in many respects; however, it was the strong feeling of the representatives of the Applications and Loans Division that because of the adverse conditions on this system including undesirable quarters, poor location, inaccessibility, frequent manager turn-over, and other reasons that the present manager should be given further opportunity to demonstrate his ability. All of the field people were advised that it was very important to fully support their recommendations for extension of probationary appointments and their recommendations for disapproval of managers by details and facts rather than by general allegations.

UTAH 10, 14, 16, 17

Mr. Arness gave a brief report on the status of the proposed acquisition and loan to Utah 16. This loan, if made, will provide

funds for the purchase of a portion of the Southern Utah Power Company system. Other related proposed loans cover a division of the distribution lines and consumers to Utah 10, 14 and a new system, Utah 17.

This loan, if made, would assure these borrowers (Utah 10, 14 and 17) an adequate power supply at reasonable rates as well as provide a power source for Arizona 16 which now has an inadequate and unsatisfactory temporary power supply.

Mr. Arness indicated that there are some problems remaining in connection with the proposed acquisition but that in his opinion most of these problems could be resolved.

OREGON 29 MORROW

Problem Availability of funds to complete allocated construction.

Facts Because there appears to be some question as to the total funds required to complete construction it is not possible to definitely advise the Applications and Loans Division as to the actual deficiency. The system engineer had promised to complete an analysis of construction cost and bring this analysis to Spokane. This information should serve as a basis for determining with reasonable accuracy the actual construction cost.

Follow-up Mr. Brady, field engineer, will be responsible for obtaining and submitting this information to REA.

OREGON 2 IANE

Problem Inability of manager to complete assignments and obligations on time.

Facts It was the feeling of the group that the inability of the manager to complete various assignments or obligations promptly is due largely to his inability or reluctance to assign definite responsibilities to various members of the cooperative. It was the feeling of the group that Mr. Savage would make a satisfactory manager provided he had adequate help and made definite assignments of responsibility to the employees.

Follow-up Mr. Adams will attempt to have someone available to assist the manager with details to improve this organization.

OREGON 37 WHEELER

Problem Release of Stop Order.

Facts Mr. Arness discussed details necessary to release the Stop Order on the above allocation. These actions consist of having a satisfactory lease agreement with Bonneville for the transmission line and completion of the acquisition of electrical facilities in six towns.

OREGON 22 CLACKAMAS

Problem Necessity of rate adjustment or reduction.

Facts The cooperative has requested a rate reduction and Bonneville Power Administration has suggested a retail rate. All data furnished to BPA by the cooperative does not compare with the data which REA was using in their rate study, the difference being that BPA has had a greater number of estimated consumers, 700 over the number REA was using. The funds required for system improvements was a great deal less than the funds estimated by REA. This estimate of the number of members and the amount of system improvement funds required will have to be adjusted.

Follow-up Mr. Keffer will follow through on this problem.

SUMMARY OF CONFERENCE OF FIELD REPRESENTATIVES
(Without presence of Supervisors or Moderator)

REGION IX

October 21, 1949
Spokane, Washington

William J. Hauck, Chairman

Mr. C. L. Johnson stated in all his years of REA experience, the field relationships had never been better.

We believe the purpose of these conferences should be to bring the ideas of the field personnel to the attention of all regional heads. The meeting should be planned far enough in advance to allow the field personnel to write reports listing the problems on the projects they handle. These reports to be submitted to Washington, D.C. for discussion by the regional heads prior to the time a meeting is held in the field.

We would like two meetings a year of this type, one of which might be held in connection with the inter-regional annual meeting.

We object to undue pressure put on by borrowers to have meetings with the regional heads during our regional meeting.

THE SELECTION AND APPROVAL OF SYSTEM MANAGERS

The specific problems discussed at the meeting of the REA staff indicated that a large portion of the difficulties being experienced in this region is due to incompetent or inexperienced system managers. This is so apparent it is evident that the present method of selection and approving system managers has not been effective in this region.

In a number of cases it developed that the managers had been considered by the committee on approval of managers in REA when representatives of only one division had been familiar with the proposed manager and his qualifications, and this representative frequently did not have the time or opportunity to make a detailed investigation and report. It also developed in many instances, field representatives had not been able to visit and spend sufficient time with the managers during the probational period, resulting in unsatisfactory and inadequate reports submitted to REA of the managers' performance. Because of lack of personnel, the Management Division has been able to visit only a small percentage of the systems involved.

Mr. Asher emphasized the fact that field representatives should submit as many details as possible to support recommendations for approval, continued probational appointment, or disapproval of the managers and that too often the committee on managers had been handicapped because of lack of specific information. He advised the group that the committee in general felt that probational appointments should not be extended unless absolutely necessary because no one can do his best work and make final personal arrangements while still in a probationary status. Mr. Asher urged that every effort be made by the field people to visit systems where managers are on probation and stay long enough to prepare reports in sufficient detail for proper consideration by the regional heads and the committee.

It was the opinion of the group, however, that because of the large distance involved and complexities of the many local problems, it would be necessary in some instances to continue or extend probational appointments of some of the managers. It was generally agreed that in most of the cases where managers are on probation that insufficient time had been spent with the managers by the representatives of the various line divisions of REA.

The general conclusions reached were (1) field personnel should take whatever time is necessary to obtain satisfactory reports on managers before making recommendations for action; (2) submission of field reports in sufficient detail so committee can take appropriate action and (3) take advantage of every opportunity to assist the board in the selection of a competent manager.

